

# *Blind Industries and Services of Maryland*

3345 Washington Boulevard ♦ Baltimore, Maryland 21227  
(410) 737-2600 phone

## FACSIMILE TRANSMISSION SHEET

DATE: 1/31/05

TO: John Heyer

FAX NUMBER: 703 603 0655

MESSAGE: \_\_\_\_\_

Morning -

Unfortunately BISM isn't able to  
send you guys email, so fax it had  
to be. Let me know if you have  
any questions or concerns.

Have a great day,  
Christina

FROM: Christina Davis cdavis@bism.org

FAX NUMBER: 410-737-2665

THIS FAX TRANSMISSION HAS A TOTAL OF 3 PAGES INCLUDING THIS PAGE. IF YOU DO NOT  
RECEIVE ALL PAGES, PLEASE CALL ME AT (410) 737-2638, THANK YOU.

### MISSION

The Mission of  
Blind Industries and Services of Maryland  
is to provide quality services, training,  
and stable employment opportunities  
to blind adults while maintaining  
our core values of  
Honesty  
Integrity  
Trust  
Teamwork  
Independence  
Open Communication  
Belief in the Capabilities of Blind People  
Personal and Professional Growth  
Pride in Accomplishment  
Dignity and Self-Esteem

### VISION

Blind Industries and Services of Maryland  
is a nationally recognized  
business and training resource center  
whose team provides  
evolving opportunities for its associates.



## Blind Industries and Services of Maryland

January 31, 2005

Committee for Purchase From People Who  
Are Blind or Severely Disabled  
1421 Jefferson Davis Highway  
Jefferson Plaza 2 Suite 10800  
Arlington, VA 22202-3259

Gentlemen:

This correspondence is in response to your request for comments on your proposed rulemaking regarding governance standards for central nonprofit agencies and nonprofit agencies participating in the Javits-Wagner-O'Day program. On December 8, 2004 we submitted our comments to the Office of Management and Budget (OMB) regarding the information collection aspects of your proposed rulemaking. Rather than repeating those comments, we respectfully request that those comments be incorporated in full as part of this correspondence. A copy of our comments to OMB was sent to Ms. Janet Yandik of the Committee staff.

Before discussing the governance standards set forth in your rulemaking proposal, we would like to point out a few items:

- The mission of the JWOD program is to "Provide employment opportunities for people who are blind or have other severe disabilities in the manufacture and delivery of products and services to the Federal Government." Not only will the proposed rules not increase the employment of blind and disabled people, they will actually result in fewer opportunities for blind and disabled people.
- The nonprofit community is already highly regulated and scrutinized as follows:
  - The Internal Revenue Service (IRS) is charged with ensuring that nonprofits comply with the requirements that make them eligible for tax exemption. On an annual basis the IRS investigates the financial affairs of thousands of nonprofit agencies. As a result of these investigations, a small number have lost their tax exemption. In other instances, the IRS has allowed the nonprofit to maintain its tax exemption, but has imposed excise taxes and penalties **on those individuals who abused** their position of influence within the nonprofit and benefited by, or were knowledgeable of, excess benefit transactions.
  - State Attorney General's office maintains lists of registered nonprofit agencies and investigates complaints of abuse and fraud. Most states have strict laws governing nonprofits.

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Committee for Purchase From People Who  
Are Blind or Severely Handicapped  
January 31, 2005  
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- o Many private watchdog groups monitor the behavior and performance of nonprofits. These watchdog groups are themselves nonprofits.
- o In recent years it seems that the media has investigated and reported on major scandals involving nonprofit agencies. This involvement from the media has resulted in an increased awareness and accountability by all nonprofits.
- The only action that the Committee can take against a non-conforming nonprofit agency is to take Federal contracts away from the agency. The result of this punitive action would be a loss of jobs for blind and disabled people. Those individuals responsible for the non-conformance would not be directly penalized.

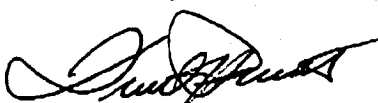
Additionally, the Senate Finance Committee has held hearings on the subject of charitable organizations that are inappropriately exploiting their tax exempt status and may be wrongly enriching individuals. It is expected the hearings will result in legislative actions to improve oversight and governance of nonprofit organizations.

Because of all the reasons listed above, Blind Industries and Services of Maryland believes that there is no need for the Committee to impose the requirements contained in the proposed rulemaking. By attempting to duplicate the authority of Congress, the Internal Revenue Service and State regulatory bodies, the Committee's proposed rulemaking will neither improve nor expand the Javits-Wagner-O'Day program and the employment of people who are blind or disabled.

Despite our strong opposition to the proposed rulemaking, we strongly believe in the independent governance of board of directors and their ability to provide reasonable executive compensation, as promulgated by the Internal Revenue Service including their "rebuttable presumption of reasonableness procedure," avoidance of conflicts of interest and knowledgeable audit committees for larger nonprofits.

In summary, although Blind Industries and Services of Maryland believes in and follows the principles set forth in the proposed rulemaking, we believe that currently there is sufficient oversight of nonprofit organizations. It is our belief that further rulemaking would be redundant and burdensome.

Sincerely,



Frederick J. Puente  
President